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THE COTTON TRADE AND PROTECTION.

JOINT CONFERENCE IN MANCHESTER.

REMARKABLE CONDEMNATION.

An important Conference was held in Manchester on July 21, 1903, between representatives of the Cotton Employers' Parliamentary Association and the United Textile Factory Workers' Association, these two bodies covering the whole of the organisations in the cotton trade, both of employers and operatives. They met specially to consider the Tariff Proposals of Mr. Chamberlain.

Mr. C. W. MACARA, President of the Cotton Employers' Parliamentary Association, occupied the chair, and there were also present :—Employers' representatives—Messrs. J. B. Tattersall, T. Garnett, H. Higson, T. W. Shaw, F. Hollins, James Fletcher, A. Simpson, E. Travis, R. Evans, F. A. Hargreaves, A. Hill, S. Smethurst, Jno. Smethurst, and W. G. Wilson (acting for Mr. W. Tattersall, secretary). Operatives' representatives—Messrs. T. Ashton, J. Crinion, W. Howarth, W. C. Robinson, W. H. Wilkinson, W. B. Mather, J. Billington, J. E. Tattersall, and J. Cross.

In opening the Conference Mr. MACARA said :—The attention of this conference, I think, should be directed entirely to the consideration of the present position and probable effect the new fiscal proposals would



have on the British cotton industry and the important interests dependent upon it. It is, I think, much to be regretted that these proposals should have been made public at all without some consultation with the leaders of capital and labour, who have to give daily consideration to the conduct of the great industries upon which our national existence depends.

HOW FIGURES MAY MISLEAD.

Bare statistics and comparisons of figures taken by themselves, although interesting, are frequently most misleading, and this is especially so as regards the cotton industry. For example, what are statistics of the money value of our imports of raw material or of our exports of cotton goods worth when a rise or fall of one halfpenny per pound in the average price of raw cotton imported annually into this country to run our machinery makes a difference of £3,500,000? Since 1870 the prices of American cotton have been as high as tenpence and as low as threepence per pound, from which it will be seen that the money value of our exports and imports is a very inaccurate method of gauging whether our trade is increasing or decreasing.

These fluctuations are common to all engaged in the cotton industry throughout the world.

Then again, the weight of yarn and yards of cloth exported are only imperfect guides as to the trade extent, or employment given, unless the coarseness or fineness of the fabrics exported is taken into account.

A comparison of the number of spindles and looms running at one period with another is also misleading unless consideration is given to the speed at which machinery is run, and its productive capacity.

SECURE BASIS FOR THE COTTON TRADE.

Protective tariffs are only one form of legislation. The legal hours for running machinery in one country differ very widely from those of another country, and this plays an important part in our international competition. The rate of wages paid, cost of living, climatic conditions,

etc., are also important factors that have to be reckoned with. Broadly however, it may, I think, be taken that intelligent and fostering legislation, harmonious relationship between capital and labour, enterprise to secure a plentiful supply of raw material, energy, ability, and skill on the part of both employers and workpeople, and economy in the cost of production, are the main factors that will enable us to continue to secure a fair share of the world's trade in cotton goods. I venture to express the opinion at all events that these conditions form the most secure basis any great industry could rest upon which is dependent upon foreign trade for 80 per cent. of its employment.

The moderate return on the capital invested in the British cotton industry presents (except in small special sections) the greatest source of danger, as there is only a narrow margin between prosperity and adversity ; but this applies to most staple industries, and what is applicable to our staple industries is equally so to those of our foreign rivals. This renders it all the more necessary that any change in our fiscal policy which might place us at a disadvantage with our foreign competitors should be strenuously resisted.

The conditions, taken as a whole, under which the labouring classes in the British cotton industry now live are, I think, generally conceded to be superior to those existing in any other country in the world. But there are distinct evidences in various directions that the workers in the cotton industry in other countries are waking up to the advantages of more perfect combination for shortening the hours of labour and improving the conditions under which their work is carried on. This movement, I am of opinion, is likely to develop rapidly in the near future, and will remove one of the advantages which the foreign capitalists engaged in this industry have enjoyed in the past.

COMPETITION IN THE COTTON INDUSTRY.

The cotton industry throughout the world has made great strides during the last quarter of a century and the natural consequence is that

competition is exceedingly keen. It is estimated that there are already 60,000,000 cotton spindles and 700,000 looms outside Great Britain, against the 44,000,000 spindles and 650,000 looms in Great Britain. The expansion has been so great that for four successive years the supply of the raw material has been insufficient to supply the cotton spindles of the world. I am inclined to think that the short supply of cotton has been an advantage, as, on account of the two great famines in India and the disturbed state of China, had the supply been sufficient, the products of the machinery of the world would have been more than could have been absorbed. Be that as it may, the raw cotton supply, together with other considerations, dictate caution as regards further extension. This is a matter in which the wage earners are as vitally interested as the capitalists. Over-production in the past has led to unprofitable trade and consequent strikes against reductions of wages.

REVIEW OF THE PRESENT POSITION.

I would now like to review the present position of the British cotton industry and the probable effect the new fiscal proposals would have on it and on the other interests dependent upon the cotton industry.

Estimating raw cotton at the average price of the last three years, we import annually £40,000,000 worth, of which an average of about £5,000,000 worth is re-exported, leaving the balance of £35,000,000 worth of raw cotton to run our 44,000,000 spindles and 650,000 looms. This cotton, after being converted into yarn and cloth, and after undergoing one or more of the further processes of finishing, bleaching, dyeing, printing, making-up into pieces, or being converted into ready-made garments, is finally packed and disposed of by the distributors at home and exporters at an estimated value of over £90,000,000. Of this £90,000,000 over £70,000,000 is exported, the balance being absorbed at home. It will be seen that the estimated difference between the cost of the raw material and the value of the manufactured products is, in round figures, £55,000,000. This £55,000,000 has to pay imperial and local taxation, profit on capital invested, depreciation on buildings and

machinery, coal consumed, mill stores, cost of transport, and wages—this last item representing by far the largest proportion of the £55,000,000.

There is no industry, excepting agriculture, which affords so much employment for the masses as the manipulation of cotton, or which is of more importance to the whole of our mercantile and industrial system.

SUBSIDIARY LABOUR IN THE COTTON INDUSTRY.

The raw material is largely brought to our shores by British ships. When landed at our ports it forms an important part of the mercantile transactions of these ports, and the warehousing and handling of it employ a large amount of labour. The carrying of this raw material to the cotton spinning mills forms a substantial source of revenue to some of the most important railway companies and to the Manchester Ship Canal. In the further carrying of the yarn to mills engaged in the weaving branch of the cotton industry another large source of revenue accrues to the railway companies and other carriers. Owing to the great variety of cotton goods produced, the majority of manufacturers have to supply their requirements from numerous spinners, there being comparatively few mills that combine both processes of spinning and weaving. Again, the grey cloth has to be carried to the warehouses of the distributors or to the works of the finishers, dyers, printers, bleachers, and ready-made clothing manufacturers, these further processes involving another rate for the railway companies before the goods reach the warehouses of the distributors, who finally are responsible for their distribution to the home and foreign markets, this again bringing in further revenue to the railway companies, ship-owners, and other carriers. Like the handling of the raw material, the distribution of the manufactured products of the spindles and looms forms another important part of the commercial transactions of the nation, more especially as regards Lancashire.

From the standpoint of employment, a study of the position is even more impressive. I have already said that the handling and warehousing

of the raw material at the ports find employment for a large number of people. The repeated carrying in connection with the various processes of manufacture gives employment to a much larger section of the population. The Lancashire and Yorkshire Railway Company, for example, which is more dependent on the cotton industry than any other railway company, both for goods and passenger traffic, employs 35,000 men, who, with their dependants, represent a population of 100,000. Then the cotton operatives engaged in the spinning and weaving, in round figures, number 500,000. The number employed in the subsidiary industries and employments connected with cotton, already enumerated, is more difficult to estimate, but I am of opinion it will amount to another 500,000. Allowing two dependants to each worker, a population of no less than 3,000,000 is represented.

Then there are the dependent industries, such as the great machine-making and engineering establishments, which are largely employed with repairs, renewals, and extensions in the British cotton and subsidiary industries, also a considerable portion of the mining and chemical industries; all of which represent a further considerable section of the population. The provision trade is obviously mainly dependent on the masses. Should any dislocation of the cotton industry occur its serious effects on employment generally would be widespread. But it would not end here—the retail, mercantile, banking, professional, and leisured classes would all suffer most severely, and so would the land owners, property owners, and the agricultural classes, who find their largest markets in the great mercantile and industrial centres of the North of England.

During the American war of 1861 the supply of the raw material from all sources was reduced to one-third, causing enormous suffering both to employers and operatives and to the population of the whole cotton districts and beyond. In 1860 the population of Lancashire—the great centre of the British cotton industry—was, in round figures, only 2,500,000, whereas now it is 4,500,000. In 1860 the number of cotton spindles was 28,500,000, and the looms 370,000, against

44,000,000 spindles and 650,000 looms at present, which run at a much higher speed, and are producing on an average finer grades of yarn and goods, thus giving a proportionately larger amount of employment for the weight of cotton used. The loss to the country by the American war was estimated at £70,000,000. From all this it will be readily understood, were the cotton industry from any cause whatever now to be reduced to one-third, how terrible the consequences would be, more especially if this were a permanent reduction through loss of trade.

SERIOUS EFFECT OF A TAX ON FOOD.

I have endeavoured to show that there is only a narrow margin between prosperity and adversity in the cotton industry—how numerous are the processes through which cotton has to pass—how each process depends on the other—what a large amount of labour is involved—and how many interests there are dependent on it. It is not difficult, therefore, to realise what a serious effect a tax on food if followed by a rise of wages would have upon an industry which would thus have the cost of production enhanced on each of its numerous processes, all of which involve a large amount of labour. This is apart altogether from a possible further tax on raw material which would affect the first process. I think there can be little doubt that the increased cost of production would render it impossible for us, in face of the existing severe competition, to continue to secure the large share of the world's trade in cotton goods which we have at present, and would thus bring ruin upon an industry which supplies the means of livelihood for millions and in which millions more are indirectly interested.

Mr. MACARA then moved the following Resolution.—

RESOLUTION.

“This Conference of the Cotton Employers' Parliamentary Association and the United Textile Factory Workers' Association (representing the whole Cotton Trade as Employers and Operatives), firmly convinced that the great Cotton Industry of the United Kingdom owes its pre-eminence to, and can only be maintained by,

the policy of Free Trade, pledges itself to oppose to the utmost of its power any proposals which, by imposing taxes on food or raw materials, and so raising the cost of production and living, will cripple it in its already severe struggle to uphold its position in foreign markets, by which eighty per cent. of its productions are absorbed."

Mr. TOM GARNETT, one of the Vice-Presidents of the Cotton Employers' Parliamentary Association, in seconding the resolution, said :—

SERIOUS EFFECT OF A TAX ON RAW MATERIAL.

Of all the trades in the United Kingdom, our own, the cotton trade, is the one which would be the most severely crippled and handicapped in the competition to retain its hold in the markets of the world by a fiscal policy which would in any degree whatever raise the cost of production by the tax on foodstuffs, or raw material, or both. The industry stands, as one may say, alone, in solitude, amongst its fellows, in that it has to depend on foreign markets to take off 80 per cent. of its products, and in these markets it must face the increasing competition of the whole world. Long familiarity with certain facts has made employers and employed to a certain extent oblivious of their importance.

Alone, among the great staple industries, is it dependent for its supplies of raw material on countries beyond the seas.

16,336,000 cwts. of raw cotton (only 351,000 cwts. produced in British possessions) are imported from the lands that produced them to feed Lancashire spindles and looms, and four-fifths of the finished products from this imported raw material must find its way once more across the seas that our trade may live. That the centre of the world's cotton trade should for so long have been settled in these islands, and in this county, is a portent it were well for us to bear in mind, more especially when we remember the energy, the vigour, the enterprise of the people of the United States, the enormous natural resources of that vast and fertile continent, rich in coal, iron, timber, bread stuffs, meat—

everything that under wise development and policy can conduce to cheapness of living and production.

In spite, however, of all our disadvantages of distance from the cotton field certain advantages have enabled us, up to now, to hold our own against the States in the markets of the world, with the possible exception of a certain section of the China market.

Making every allowance for the youth of the United States, for the paucity of population as compared with the enormous area, for the desolating effects of the Civil War, can it be doubted that we have only been able to overcome our disadvantageous geographical position with regard to the raw material by the policy which has given cheap and ample food to our employés, cheapened the cost of the manufacture of the machinery of our mills, facilitated, by abolishing harassing duties, the free exchange of our products for the food, raw material, and manufactured articles of our customers—the whole world—all of which come into this country in payment for something sent out? The margin of profit in our trade is so small that the least increase in the cost of production is, and ought to be, a matter of vital concern to every one of us.

A tax on food must, with most absolute certainty, entail increased cost of production. This increased cost will, first of all, and it maybe finally, arise from the increased cost of the necessities of life to the toiling millions, who, if they are to be less well nurtured, will have their efficiency lowered, and this lowered efficiency, by diminishing the amount produced, will most certainly contribute in a very serious degree to prevent our continuing either to supply the same article at less, or a better one at the same cost as our world-wide competitors.

At present our workers enjoy as a whole a higher standard of living at less cost than those of any other country.

It should be noted that this increased cost of living will make itself felt amongst those who are engaged in occupations which are very largely dependent on the cotton trade; for instance, coal miners, iron miners, furnace men, engineers, machinists, etc., whence it follows that there must be an enhancement in the cost of production of machinery and consumable stores.

The question of machinery is a very serious matter, especially in the manufacturing branch of the industry.

Most wonderful improvements and developments in looms have taken place across the Atlantic, and on that side, at any rate, have proved a complete success. For many branches of manufacturing it is practically certain that they are suitable for our needs.

A LIFE-AND-DEATH MATTER.

The outlay, however, is very heavy, and many, under fear of being more heavily handicapped by fiscal proposals would hesitate as to whether to face so huge a capital expenditure as is necessary to put them abreast their American rivals. If such by reason of a false fiscal policy can see awaiting them the crippling of their ability to compete through heightened cost of production, lowered efficiency, diminished purchasing power of money, is it not certain that they will make the scrap-heap for their machinery the final goal of their ambitions? That I feel convinced is the fate of Lancashire if it palters with this life and death question.

Mr. Thomas Ashton, President of the Amalgamated Association of Operative Cotton Spinners, in supporting the resolution, said:—The operatives warmly endorsed the sentiments contained in the resolution. They were all of opinion that if Mr. Chamberlain's proposals were carried into effect both employers and workers would be further handicapped, and

THAT THEIR POSITION WOULD BE WORSE

than it had been in the past. A higher price of food would mean increased cost of production and a lowering of the enjoyments of

social life. The Free Trade policy, so far as this country was concerned, and most certainly so far as the cotton trade was concerned, was the best, and any departure from it would be a change for the worse. They should let the country know what they thought about these proposals. (Hear, hear.) If they did not, the erroneous notion would go forth that Mr. Chamberlain's policy was acceptable. The strongest opposition must be offered to all attempts to tax food or raw materials.

In the course of the discussion which followed, two representatives of the employers spoke in favour of an inquiry before committing the trade as a whole to the resolution before the meeting, and on an amendment being moved only those two gentlemen voted for it. All the other representatives present voted for the resolution, which was adopted.

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